

Message Text

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USADB

PASS TREASURY FOR SHERK

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SUBJ: PROGRESS REPORT ON APPROPRIATE TECHNOLOGY

REF: TREASURY 78-46 (PARA 3)

ADB RESPONSE TO USADB'S QUERY REGARDING THE ANNUAL PROGRESS
REPORT PER REFTTEL FOLLOWS. THE REPORT IS AN UPDATE FROM ITS
LAST REPORT DATED NOVEMBER 1976.

1. POLICY STATEMENTS: THE USE OF LIGHT CAPITAL TECHNOLOGY
HAS GENERALLY BEEN EMPHASIZED, WHERE RELEVANT, IN THE BANK'S
OPERATIONS. PROJECTS WHICH ARE ASSISTED BY THE BANK ARE
FORMULATED AND IMPLEMENTED WITH DUE REGARD TO THEIR
ADAPTABILITY TO CONDITIONS PREVAILING IN COUNTRIES CONCERNED,
SUCH AS LABOR SUPPLY, NEED FOR ADDITIONAL EMPLOYMENT GENERA-
TION, INVESTMENT COST PER WORKER, AVAILABILITY OF LOCAL
MATERIALS, NATIONAL/REGIONAL DEVELOPMENT OBJECTIVES
AND SOCIAL IMPACT OF ASSISTED PROJECTS. THERE ARE ALSO
STANDING INSTRUCTIONS FROM THE MANAGEMENT TO THE STAFF
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THAT IN FORMULATING AND APPRAISING PROJECTS, FULL USE
MUST BE MADE OF LIGHT CAPITAL TECHNOLOGY WITH DUE REGARD
TO ITS ECONOMIC VIABILITY AND SUITABILITY TO THE PROJECT.
A SMALL UNIT IN THE ECONOMIC OFFICE, IN CLOSE COLLABORA-
TION WITH THE PROJECTS DEPARTMENT, HAS BEEN KEEPING
ABREAST OF THE DEVELOPMENTS IN THE FIELD OF LIGHT CAPITAL
TECHNOLOGY. THIS UNIT ALSO CARRIES OUT NECESSARY

RESEARCH, WHEN REQUIRED, ON ISSUES RELATING TO THE USE OF LIGHT CAPITAL TECHNOLOGY WITHIN AND OUTSIDE THE BANK AND DISSEMINATES RELEVANT INFORMATION TO OPERATIONAL STAFF SO THAT IT CAN BE USED IN THE PROCESS OF SELECTION, PREPARATION AND PROCESSING OF BANK FINANCED PROJECTS.

2. PROJECT INNOVATIONS: THE BANK HAS ADOPTED INNOVATIVE METHODS IN PROJECT FORMULATIONS IN THE SENSE OF USING THE PRODUCTION TECHNIQUE AND COMPONENTS IN A PROJECT IN CONSONANCE WITH THE RESOURCE POSITIONS AND SOCIO-ECONOMIC CIRCUMSTANCES OF THE COUNTRIES. SOME RECENT ILLUSTRATIONS OF BANK EFFORTS IN THIS REGARD ARE GIVEN BELOW.

IN AGRICULTURAL SECTOR, THE CHASMA RIGHT BANK IRRIGATION PROJECT (PAKISTAN), APPROVED ON 15 DECEMBER 1977, WOULD MAKE MAXIMUM USE OF LABOR AND ANIMAL (DONKEY) DRAFT POWER IN THE LOCALITY AND THE FACT THAT THE TERRAIN AND NATURE OF THE EXCAVATION WORK OF THE CANALS ARE SUITABLE FOR EMPLOYING SUCH METHODS.

IN THE FIELD OF HIGHWAY PROJECTS, LABOR INTENSIVE TECHNOLOGY WAS PREFERRED IN KHULNA-MONGLA ROAD PROJECT IN BANGLADESH, APPROVED ON 10 MAY 1977; AS THE UNEMPLOYMENT SITUATION AND THE BALANCE OF PAYMENTS POSITION OF THE COUNTRY FAVORED MAXIMUM USE OF LABOR AND LOCAL MATERIALS, AND THE NATURE OF CONSTRUCTION MATERIALS AND THE DESIGN REQUIREMENTS MADE THE USE OF LABOR INTENSIVE TECHNOLOGY POSSIBLE.

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IN SEVERAL FISHERIES PROJECTS, APPROVED IN 1977, EFFORTS WERE MADE TO ADAPT TECHNOLOGY TO LOCAL SITUATIONS. FOR INSTANCE, UNDER THE FISHERIES DEVELOPMENT PROJECT IN SOLOMON ISLANDS, APPROVED IN OCTOBER 1977, SKIP-JACK WILL BE CAUGHT USING THE POLE AND LINE METHOD IN PREFERENCE TO THE ALTERNATIVE METHOD OF USING LARGE PURSE-SEINE NETS, BECAUSE THE LATTER METHOD IS MORE CAPITAL-INTENSIVE AND THUS NOT APPROPRIATE IN THE SOLOMON ISLANDS, WHERE LABOR IS RELATIVELY ABUNDANT. THE IMPLEMENTATION OF THE AQUACULTURE DEVELOPMENT PROJECT IN BANGLADESH, APPROVED IN DECEMBER 1977, WILL INVOLVE USE OF TECHNIQUES SUCH AS INDUCED SPAWNING, BRACKISH WATER SHRIMP FRY COLLECTION FROM NATURAL WATERS AND SIMPLE AND ECONOMICAL FISH DRYING DEVICES USING POLYTHENE TENTS AND SOLAR ENERGY. THESE TECHNIQUES ARE NOT ONLY LABOR INTENSIVE AND CAPITAL SAVING COMPARED TO METHODS USED BY MORE ADVANCED COUNTRIES BUT ALSO WILL BE SUITED TO THE CURRENT CULTURAL PRACTICES IN THESE COUNTRIES.

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SOME OF THE HOUSING SCHEMES SUCH AS:
(A) SECOND PAHANG TENGGARA REGIONAL DEVELOPMENT
PROJECT, MALAYSIA (NOVEMBER 1977)

(B) SHA TIN URBAN DEVELOPMENT (HOUSING) PROJECT,
HONG KONG (APRIL 1977)

(C) PROJECTS PENDING BANK APPROVAL:
(I) TRENGGANU TENGAH TOWNSHIP DEVELOPMENT
PROJECT, MALAYSIA

(II) RURAL HOUSING PROJECT, KOREA
WILL MAKE MAXIMUM USE OF INDIGENOUS CONSTRUCTION
MATERIALS AND SELF-HELP MEASURES IN KEEPING WITH DESIGN
STANDARD TO KEEP DOWN THE COSTS AND MEET THE BUDGETS OF
THE LOW-INCOME GROUPS FOR WHOM THESE ARE DESIGNED.
ALTHOUGH THE SCOPE OF LIGHT CAPITAL TECHNOLOGY
IS SOMEWHAT LIMITED IN THE ENERGY SECTOR, EFFORTS HAVE
BEEN MADE TO REDUCE THE CAPITAL COST OF SOME OF THE
PROJECTS. IN SRI LANKA RURAL ELECTRIFICATION PROJECT,
FOR WHICH A TECHNICAL ASSISTANCE GRANT WAS APPROVED IN 1977,
EFFORTS HAVE BEEN MADE TO STRIKE A BALANCE BETWEEN THE
QUALITY OF SERVICE AND REQUIREMENTS OF COSTLY
EQUIPMENTS. THE BANK HAS SUPPORTED SMALL-SCALE,
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DECENTRALIZED, IMPACT-MAKING HYDROPOWER PROJECTS
APPROPRIATE TO RURAL AREAS IN PAPUA NEW GUINEA,
AFGHANISTAN, AND WESTERN SAMOA.

3. RESEARCH PROMOTING USE, DEVELOPMENT OR DISSEMINATION OF LIGHT CAPITAL TECHNOLOGY: THE BANK HAS TAKEN ACTIVE STEPS IN PROMOTING LIGHT CAPITAL TECHNOLOGY IN CERTAIN AREAS WHICH READILY LEND THEMSELVES TO ITS USE. IN MAY 1977, THE BANK IN CONJUNCTION WITH THE INTERNATIONAL LABOR ORGANIZATION (ILO) AND THE SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY, SPONSORED A REGIONAL SEMINAR TO STUDY THE APPLICATION OF APPROPRIATE TECHNOLOGY IN ROAD CONSTRUCTION AND MAINTENANCE AND TO SUGGEST A MORE EFFECTIVE RESOURCE ALLOCATION WHICH INCLUDES LABOR-INTENSIVE METHODS. THE REPORT OF THIS SEMINAR (IN TWO VOLUMES) HAS BEEN PUBLISHED BY THE ILO.

IN 1978 THE FOLLOWING TWO PROGRAMS ARE BEING ORGANIZED IN COLLABORATION WITH GEORGIA INSTITUTE OF TECHNOLOGY:

(A) A REGIONAL SEMINAR ON APPROPRIATE TECHNOLOGY (AT)/SMALL-SCALE INDUSTRIES (SSIS) DEVELOPMENT, ADDRESSED TO SENIOR EXECUTIVES OF DFIS AND CONCERNED GOVERNMENT MINISTRIES/DEPARTMENTS (AT POLICY-MAKING LEVELS) IN ASIA; AND,

(B) A REGIONAL COURSE ON A SPECIFIC ASPECT OF DEVELOPMENT BANKING SUCH AS ECONOMIC AND SOCIAL ANALYSIS OF INDUSTRIAL PROJECTS WITH DUE REGARD TO AT CONSIDERATIONS, OR INDUSTRIAL PROJECT IMPLEMENTATION-SUPERVISION, ADDRESSED TO CONCERNED DEPARTMENT MANAGERS OF DFIS IN ASIA.

IN ADDITION, THE BANK IS CURRENTLY IN THE PROCESS OF IMPLEMENTING A BOARD-APPROVED FIRST PHASE OF A RESEARCH PROPOSAL TO INVESTIGATE THE INTERACTION OF TRADITIONAL UNCLASSIFIED

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SOCIO-CULTURAL SYSTEMS AND MODERN TECHNOLOGY IN SELECTED DEVELOPING ASIAN AND PACIFIC COUNTRIES WITH A VIEW TO SEEK APPROPRIATE MEANS FOR SYNTHESIZING THE TWO. THE FIRST PHASE, WHICH INCLUDES BIBLIOGRAPHIC SEARCH, DATA SURVEY AND PREPARATION OF A CONCEPTUAL PAPER, IS SCHEDULED FOR COMPLETION BY THE LATTER PART OF THE YEAR. UPON SATISFACTORY COMPLETION OF THIS, AND SUBJECT TO APPROVAL BY THE BOARD, A SECOND PHASE OF THIS RESEARCH WILL BE UNDERTAKEN ON THE SUBSTANTIVE ISSUES DEALING WITH OPTIMUM ASSIMILATION OF TECHNOLOGY AND TRADITIONAL INSTITUTIONS IN DEVELOPING COUNTRIES IN ASIA AND THE PACIFIC.

4. ADB EFFORTS TO AFFECT THE DEVELOPING MEMBER COUNTRIES' ECONOMIC POLICIES THAT IMPACT ON TECHNOLOGY CHOICES (TAX, EXCHANGE RATE, ETC.): THE BANK SEEKS TO ACHIEVE THIS OBJECTIVE BY ITS ENCOURAGEMENT AND SUPPORT TO THE USE OF LIGHT CAPITAL TECHNOLOGY IN APPROPRIATE CASES. BY INCOR-

PORATING LIGHT CAPITAL AND LABOR-INTENSIVE TECHNOLOGY AND MAKING GREATER USE OF LOCAL RESOURCES IN ITS PROJECTS, THE BANK INDIRECTLY INFLUENCES THE POLICIES OF THE COUNTRIES. THIS IS EFFECTED THROUGH THE ECONOMIC METHODOLOGY USED IN BANK FINANCED PROJECTS WHICH VALUES FOREIGN EXCHANGE AND LABOR COSTS IN TERMS OF THEIR SCARCITIES AND WHICH SEEKS TO BROADEN THE SOCIAL IMPACT OF SUCH PROJECTS.

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C O R R E C T E D C O P Y P A R A 4 O F T E X T

THE BANK PERFORMS THE ROLE OF A CATALYST IN THE USE OF LIGHT CAPTS OF GOVERNMENTS CONCERNED IN THIS REGARD. BY PROVIDING THE DIRECT AND INDIRECT FOREIGN EXCHANGE COSTS OF PROJECTS, THE BANK ASSISTANCE HAS THE EFFECT OF EASING PRESSURES ON THE FOREIGN EXCHANGE RESOURCES OF THE COUNTRY. IN CASES WHERE THE BANK PROVIDES FOREIGN EXCHANGE TO MEET LOCAL COSTS OF A PROJECT IT HAS THE ADDED EFFECT OF REDUCING THE PRESSURE ON LOCAL RESOURCES. TO THE EXTENT THAT THIS HAS BEEN DONE, IT HAS TENDED TO HAVE A STABILIZING EFFECT ON THE FOREIGN EXCHANGE POSITION WHILE AT THE SAME TIME ENHANCING THE OVERALL CAPABILITY OF IMPLEMENTING THE DEVELOPMENT PROGRAM OF A COUNTRY.

5. ADB EFFORTS AT COORDINATION AND/OR INFORMATION EXCHANGE WITH OTHER INTERNATIONAL DEVELOPMENT BANKS AND APPROPRIATE TECHNOLOGY GROUPS: THE BANK EXCHANGES INFORMATION, INTER ALIA, WITH THE FOLLOWING INTERNATIONAL AGENCIES AND APPROPRIATE TECHNOLOGY GROUPS:

(1) INTERNATIONAL BANK FOR RECONSTRUCTION AND

DEVELOPMENT (IBRD)

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(2) INTER-AMERICAN DEVELOPMENT BANK (IDB)

(3) INTERNATIONAL LABOUR ORGANIZATION (ILO)

(4) ORGANIZATION FOR ECONOMIC COOPERATION AND
DEVELOPMENT (OECD) - DEVELOPMENT CENTRE

(5) UNITED NATIONS INDUSTRIAL DEVELOPMENT
ORGANIZATION (UNIDO) - INDUSTRIAL DEVELOPMENT BOARD

(6) ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND
THE PACIFIC (ESCAP)

(7) SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY

(8) APPROPRIATE TECHNOLOGY PROJECT, VOLUNTEERS IN
ASIA, INC.

(9) INTERMEDIATE TECHNOLOGY GROUP LTD. - LONDON

(10) GEORGIA INSTITUTE OF TECHNOLOGY

THE BANK HAS ALSO PLAYED A PROMINENT ROLE IN THE FUNDING OF
RESEARCH INSTITUTES SUCH AS THE ASIAN VEGETABLE RESEARCH
AND DEVELOPMENT CENTER (REPUBLIC OF CHINA), INTERNATIONAL
CROP RESEARCH INSTITUTE FOR SEMI-ARID TROPICS (INDIA), AND
THE INTERNATIONAL RICE RESEARCH INSTITUTE (PHILIPPINES).
FURTHERMORE, THE BANK ENGAGED THE CONSULTANCY SERVICES OF
INTERMEDIATE TECHNOLOGY GROUP LTD. (U.K.) IN 1977 TO STUDY
THE PROSPECTS FOR INTERMEDIATE (LOW CAPITAL COST)
TECHNOLOGY IN THE SUGAR PROCESSING IN RESPECT OF A SUGAR
PROJECT IN SRI LANKA AND IS PROPOSING TO USE THE SERVICES
OF THE GEORGIA INSTITUTE OF TECHNOLOGY FOR PLANNING AND
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IMPLEMENTING REGIONAL SEMINARS ON APPROPRIATE TECHNOLOGY/
SMALL-SCALE INDUSTRIES DEVELOPMENT IN 1978.

IN ADDITION, THE BANK HAS CLOSELY FOLLOWED THE
REGIONAL (ESCAP) PREPARATORY WORK CARRIED OUT SO FAR IN
CONNECTION WITH THE FORTHCOMING UN CONFERENCE ON SCIENCE
AND TECHNOLOGY FOR DEVELOPMENT (UNCSTD). IN VIEW OF ITS
INTEREST IN THE MATTER, THE BANK EXPECTS TO ATTEND THE

SECOND REGIONAL PREPARATORY MEETING FOR UNCSTD SCHEDULED
TO TAKE PLACE IN JULY 1978 AND OTHER SUBSEQUENT
MEETINGS THAT MAY BE HELD UNDER ESCAP AUSPICES. THE
BANK ALSO EXPECTS TO ATTEND THE UN CONFERENCE ON SCIENCE
AND TECHNOLOGY FOR DEVELOPMENT TO BE HELD IN 1979.
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